



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

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Completeness of Conversion to Metric Sizes

Proprietors of Distilled Spirits Plants and Others Concerned:

PURPOSE. This circular is issued in response to two questions asked by industry members about T.D. ATF-25. The questions concern the correct interpretation of §5.47a(d), entitled "Completeness of Conversion".

BACKGROUND. Treasury decision ATF-25, published in the Federal Register on March 10, 1976, amended 27 CFR Part 5 by establishing metric standards of fill for distilled spirits. T.D. ATF-25 also prescribed a transition period between October 1, 1976, and December 31, 1979, during which time the new metric standards may optionally be used. If a bottler decided to use a metric standard of fill during that transition period, §5.47a(d) requires that the conversion be complete on a size and product basis for each permittee's operations.

Question 1. Several industry members have indicated that they are confused as to the exact intent of the completeness of conversion requirements of §5.47a(d). For example, they have asked, if a bottler of XYZ gin in quarts begins to bottle that product in a liter size, can the bottler continue to bottle XYZ gin in fifths? The answer is yes, the bottler may bottle a given product in both liters and fifths at the same time because the quart, not the fifth, is the U.S. standard corresponding to the liter size. To fully explain the intent of §5.47a(d), the following paragraph is reprinted (with minor annotations) from the preamble of the notice which proposed the metric regulations.

" [Section 5.47a(d) requires] ... that conversion to ... [one] given metric standard of fill be complete with respect to any [one] given product. For example, a bottler who begins to package XYZ gin [a brand] in one-liter standard liquor bottles may not thereafter bottle XYZ gin in quart standard liquor bottles. However, a bottler who begins to package XYZ gin in one-liter standard liquor bottles may continue to bottle XYZ gin in quart bottles of unusual design which have been approved by the Director

under 27 CFR 5.48(a). Also, a bottler who begins to package XYZ gin in ... [one] given new metric size (e.g., a liter) may continue to package XYZ gin in a non-corresponding U.S. size (e.g., a fifth). Further, if a bottler is packaging both ABC gin and XYZ gin in quart bottles and if he subsequently begins to package ABC gin in one-liter bottles, he may still continue to package XYZ gin in quart bottles. This requirement would, we believe, reduce the period of overlap of new metric and U.S. sizes, while at the same time would allow bottlers a considerable degree of flexibility in terms of using up existing bottles stocks, etc."

Question 2. Industry members have also inquired into the meaning of the word "permittee" in §5.47a(d). For example, they have asked if a corporation, which conducts bottling operations at one plant in Indiana and at another plant in Massachusetts under permit numbers DSP-IND-# and DSP-MASS-#, commences bottling XYZ gin in liters at the Indiana plant, may the corporation continue to bottle XYZ gin in quarts at the Massachusetts plant? The answer is yes, the Massachusetts plant may continue to bottle XYZ gin in quarts even though the Indiana plant has converted to bottling XYZ gin in liters.

Use of the term "permittee" in §5.47a(d) makes a distinction on a permit-by-permit basis. Thus, in the example of the previous paragraph, the determining factor is that two separate permits are involved.

INQUIRIES. Inquiries in response to this industry circular should refer to its number and be addressed to the appropriate regional director, Bureau of Alcohol, Tobacco and Firearms.

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